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GENERAL

1. Developments in Palestine situation--Foreign Secretary Bevin has assured US Ambassador Douglas in London that the UK is using "all influence possible" to deter King Abdullah of Transjordan from invading Palestine. The UK has also sent messages to Syria, Egypt, and Iraq urging that no aggressive acts be undertaken. Douglas says that the replies of the Arab governments indicate that if the Jewish forces desist from provocative attacks and aggressive action against Arab areas in Palestine, the Arab states will not engage in offensive military operations. Several of the governments point out, however, that because the Jews are on the offensive everywhere, it will be difficult for the Arab forces to refrain from engaging in "retaliatory action."

Douglas also transmits the estimate of the British High Commissioner in Palestine that the Jewish Agency is fearful lest the US should attempt to impose trusteeship and therefore believes the Agency's only course is to establish a Jewish state and launch an all-out offensive against the Arabs, thereby demonstrating Jewish military strength. Douglas says that the UK delegation at the UN believes that the prospects of a truce in Palestine are generally negligible.

US Ambassador Wadsworth in Baghdad reports that "elements of the Iraqi Army" have left for Transjordan.

25X1X4 [redacted] the force is composed of approximately 1500 men and contains armored cars and light field artillery. (The US Military Attache in Baghdad had previously reported that two mixed brigades--of which this is apparently one--were available for immediate employment.)

Wadsworth also expresses the fear that "fanaticism is in the saddle" throughout the Arab world and that Arab leaders who are personally open to suasion must conform to the "surging popular demand" for direct military action or be forced out of office.

Document No. 626

NO CHANGE in Class. ☐☐ DECLASSIFIED

Class. CHANGED TO: TS S

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 14 MAR 1979 By: [redacted]

State, DIA reviews completed

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2. Soviet protest of US air activity rejected--The Department of State has instructed US Embassy Moscow to reject Soviet protests concerning US surveillance of Soviet shipping in waters adjacent to Japan. The Embassy is to declare that the US considers such activities essential to the effective occupation and control of the Japanese islands.

EUROPE

3. ITALY: Inclusion of moderate leftists in cabinet likely--US Embassy Rome considers there is every reason to believe that Premier De Gasperi will succeed in forming a government containing representatives from the independent Leftists--the Saragat-Lombardo Socialists and Republicans. The Embassy believes that a face-saving formula will have to be found in order to prevent the public from considering these independent elements as "mere Christian Democrat appendages." The Embassy reports that De Gasperi has reiterated his intention to undertake agrarian reform.

(CIA Comment: CIA believes that the face-saving formula would require active participation of the independent Leftists in the administration of the European recovery program and the implementation of a government program clearly incorporating moderate Socialist economic and social reforms.)

Possible investigation of Italian-Yugoslav border dispute--US Ambassador Dunn has learned from an Italian Foreign Office official that Italy may refer investigation of the current series of incidents on the Italian-Yugoslav border to the US, British, French, and Soviet ambassadors in Rome if a joint Italo-Yugoslav investigating commission fails to reach an agreement. Dunn believes that if the Italians present a good case to the ambassadors, the US should firmly support it. He points out that the US might thereby have an opportunity to consider the whole question of the Italian-Yugoslav border. (US Embassy Belgrade reports that the Italian Legation in Belgrade has since the elections given evidence of a "sharp change in attitude" toward the Yugoslav Government.)

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4. GERMANY: Wave of food strikes may follow ration cuts-- Acting US Political Adviser Chase reports that a new wave of food strikes in various parts of Germany may threaten as a consequence of recent drastic cuts in the meat and bread rations. Chase reports that US Military Government officials believe that further strikes and demonstrations will probably result from the additional reduction in the meat ration expected in May. Chase believes that Communists in western Germany may attempt to cripple industrial recovery and the European recovery program by utilizing such food strikes to foment a "large-scale strike."

(CIA Comment: CIA concurs in this estimate.)

NEAR EAST-AFRICA

5. TURKEY: Pact with USSR appears improbable--According to US Ambassador Wilson, Foreign Minister Sadak thinks that it is "not unlikely" that Soviet Ambassador Lavrishchev may at some future date propose a new Soviet-Turkish pact of friendship and non-aggression but doubts that the USSR would be willing to accept the conditions which the Turks would insist on. Sadak said Turkey would sign such a pact only if: (a) Soviet demands affecting Turkish territory and sovereignty were officially withdrawn; and (b) the pact specifically recognized Turkey's alliance with the UK and its friendly relations with the US.

THE AMERICAS

6. PANAMA: Possible revolutionary activities--General Crittenberger, Commander-in-chief in the Caribbean, notes that his command is now in the midst of revolutionary and Communist activities. He reports that supporters of one of the three leading contenders in the impending presidential elections in Panama have threatened to use force to win and that the Communists may "attempt to follow the Bogota

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pattern" in the event of election disorders. Crittenberger adds that "some of the same elements which were factors in the Bogota situation are now present in this area."

For these reasons, Crittenberger believes that Panama may "become the focal point for a serious outbreak in the near future." In such event, he foresees the possibility that US troops "may have to move into the Republic of Panama" promptly in order to provide protection and security to the Panama Canal and several thousand US citizens residing in the Republic. Crittenberger suggests that the State Department be so informed.

The Department of State has concurrently informed US Embassy Panama of its view that armed intervention in Panama "could have extremely serious repercussions throughout the hemisphere" and consequently that the Department should be consulted before such action is taken. The Department asks that only "purely defensive measures" be taken in the event that prior consultation is impossible.

(CIA Comment: CIA estimates that although a coup by the followers of Arnulfo Arias is a possibility near the time of the elections, no protracted general disorders are likely as a result. CIA does not believe that the Communists themselves will be able to create serious disorders at present.)

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